

B U D G E T S U M M A R Y

Category	2015 Actual	2016 Actual	2017 Budget	2018 Budget	2018/2017 Variance
Expenditures					
Personnel Costs	\$24,255,127	\$27,201,690	\$28,222,713	\$26,713,403	(\$1,509,310)
Operation Costs	\$25,182,186	\$23,129,105	\$25,418,739	\$25,841,677	\$422,938
Debt & Depreciation	\$23,887,360	\$24,195,798	\$25,529,975	\$24,046,697	(\$1,483,278)
Capital Outlay	\$907,234	\$207,275	\$430,000	\$898,308	\$468,308
Interdept. Charges	\$10,636,162	\$11,133,916	\$10,914,919	\$11,160,977	\$246,058
Total Expenditures	\$84,868,069	\$85,867,784	\$90,516,346	\$88,661,062	(\$1,855,284)
<i>Legacy Healthcare/Pension</i>	<i>\$6,035,106</i>	<i>\$7,207,579</i>	<i>\$6,973,294</i>	<i>\$4,070,222</i>	<i>(\$2,903,072)</i>
Revenues					
Direct Revenue	\$84,193,596	\$85,089,998	\$89,905,601	\$88,031,337	(\$1,874,264)
Intergov Revenue	\$182,520	\$203,800	\$195,000	\$210,000	\$15,000
Indirect Revenue	\$491,953	\$573,986	\$415,745	\$419,725	\$3,980
Total Revenues	\$84,868,069	\$85,867,874	\$90,516,346	\$88,661,062	(\$1,855,284)
Tax Levy	\$0	\$0	\$0	\$0	\$0
Personnel					
Full-Time Pos. (FTE)*	277.34	277.50	278.57	284.40	5.83
Seas/Hourly/Pool Pos.	5.70	5.70	5.70	5.70	0.00
Overtime \$	\$1,055,222	\$956,361	\$952,068	\$950,640	(\$1,428)

NOTE: Actual revenues have been restated to remove the year-end entries made by the Comptroller's Office for the annual CAFR.

**The 2018 Budget FTEs include Vacancy & Turnover (VANDT) & Overtime (OT). The 2017 Budget, 2016 Actual, and 2015 Actual FTEs are restated to reflect this change. Program Area tables include these changes as well.*

Department Mission: The Airport Division will plan, enhance, operate and maintain efficient, cost-effective air transportation facilities that meet the current and future needs of the region, airlines and tenants while remaining responsive to the concerns of the Airport's neighboring residents.

Department Description: The Airport Division provides the administration and manages all activities necessary for the efficient day-to-day operation of General Mitchell International Airport (GMIA or the Airport) and Lawrence J. Timmerman Field (LJT or Timmerman). Airport operations are divided into the following strategic program areas: GMIA, MKE Regional Business Park, and LJT.

For purposes of presentation, a change in tax levy is identified for each budget highlight; however, the Airport's actual tax levy is \$0 because as an enterprise fund, its expenses are charged to all airport users.

Strategic Program Area 1: General Mitchell International Airport

Service Provision: Discretionary

Strategic Outcome: Economic Opportunity

What We Do: Activity				
Activity	2015 Actual	2016 Actual	2017 Target	2018 Target
Airport Cost Per Enplanement	\$25.89	\$25.38	\$26.40	\$26.28
Enplanements¹	3,277,356	3,383,271	3,375,677	3,450,936
Total Passengers	6,549,353	6,757,357	6,745,834	6,885,125
Landed Weight (total) 000 lb. unit	4,429,448	4,629,896	4,862,331	4,997,386

¹ Enplanement means "a person boarding in the United States in scheduled or nonscheduled commercial service on aircraft in intrastate, interstate, or foreign air transportation."

How We Do It: Program Budget Summary					
Category	2015 Actual	2016 Actual	2017 Budget	2018 Budget	2018/2017 Var
Expenditures	\$83,446,234	\$84,488,481	\$88,811,661	\$86,663,523	(\$2,148,138)
Revenues	\$83,713,301	\$84,727,596	\$89,240,027	\$87,381,450	(\$1,858,577)
Tax Levy*	(\$267,067)	(\$239,115)	(\$428,366)	(\$717,927)	(\$289,561)
FTE Positions	274.70	280.43	281.58	287.62	6.04

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How Well We Do It: Performance Measures				
Performance Measure	2015 Actual	2016 Actual	2017 Target	2018 Target
Customer Satisfaction Survey	3.98	4.10	4.22	4.25
Non-Airline Revenue as a % of Airport Revenue	64.5%	63.2%	63.5%	64.0%

Major Changes in FY 2018:

For 2018 there are a number of Capital Projects that will have a direct effect on operations in the future these include:

- An International Terminal Redevelopment project partially financed by a 2018 Passenger Facility Charge (PFC) backed bond issue in the amount of \$30,000,000. Construction of the project will begin sometime in 2018 and is planned to be completed by early 2020.
- A new Central Security Checkpoint and Concessions program; RFP in 2017 planned construction to begin in 2018.
- Three jet bridges will be replaced in 2018 for \$1,500,000; as a continuing effort to replace aging bridges.
- Planning and Design of a new LJT FBO Terminal Facility will begin in 2018 with construction in 2019.
- Planning and design in 2018 for a new 19R Deicer Pad.

- The aging electrical infrastructure at MKE Business Park will be replaced in 2018.
- GMIA airfield pavement replacement and safety improvements of \$2,800,000 to be completed in 2018.
- Parking pavement replacement and structure repairs totaling \$1,200,000 to be completed in 2018.
- Timmerman improvements of \$500,000 for 2018 - Security/Wildlife Fencing and Pavement Repairs and Replacement.
- Airport Operations Control Center (AOCC) and Emergency Operations Center (EOC) to move from terminal mezzanine to MKE Business Park Bldg. 220 in 2018. Planning and design costs for 2018 total \$210,000.

For 2018, the staffing levels increase as follows:

- Two Carpenter positions are added to the Maintenance Department to be utilized throughout the Airport. This will lower overall costs for carpentry and related services paid by the Airport.
- Two Public Safety and Security Coordinators are added to provide appropriate staffing coverage, compliance with federal security regulations and to develop necessary programs to ensure that all Airport users and employees remain safe.
- One General Aviation (GA) Properties Specialist will be added whose duties will encompass interaction with the GA Fixed Base Operators (FBO), the implementation and administration of lease agreements, contract and operating permits. This position will also act as the liaison to the local community, and supervise two airport maintenance workers.

Strategic Overview: GMIA is broken down into the following operating sections to fulfill its mission.

Administration is responsible for general administration, planning, accounting, payroll, budget, marketing, procurement, airside and landside business development and operations. This section administers the noise mitigation program and ongoing noise monitoring and abatement activities.

Parking Operations records the various expenses of operating the parking structure, debt service and associated interest expense on the parking structure. This group also oversees all GMIA ground transportation activities including taxi, shuttle, limousine, transportation network companies (TNCs) and off-airport operators providing services to and from GMIA. This section collects and accounts for parking revenue fees.

Maintenance is responsible for the Airport's structures and grounds. This includes custodial, HVAC, electrical services, snow plowing and grass cutting.

Environmental and Safety is responsible for activities related to workplace safety, compliance with governmental safety requirements, glycol recovery programs and wastewater treatment programs.

Airside Operations is responsible for keeping the airfield and ramp areas open for business at all times. This area oversees the day-to-day activities of the airport and ensures compliance with Federal Aviation Administration (FAA), and state and local regulations. This section coordinates emergency responses, construction activities, special events and snow removal.

Landside Operations oversee day-to-day terminal operations. This section addresses passenger safety issues and coordinates terminal construction activities, special events, snow removal (on the roadway) and signage. This section ensures ground transportation operators are properly licensed and compliant with the standards set forth in Milwaukee County General Ordinances.

Fire Protection maintains 24/7 staffing and handles emergencies on the airfield, within the terminal, parking structure and parking lots. This section responds to emergency needs involving airlines, patrons, tenants and airport staff.

Safety and Security is responsible for the safety and security functions within the airfield perimeters by working closely with other agencies and taking necessary actions to keep the Airport in compliance with FAA and TSA standards and regulations.

Airport Information Technology is responsible for maintaining the complex airport network, voice communications, fire protection system, stand-alone security system, and the security surveillance network on a 24/7 basis.

Strategic Implementation: Consolidation in the airline industry has resulted in fewer air carriers in the commercial air service market. The remaining carriers have cut back flight operations and consequently are flying with higher load factors. While the results have been profitable for the airlines, airports have been experiencing relatively flat air service and revenue growth. GMIA's goal is to be a cost effective airport that will attract additional air service from existing and new airlines. In 2018 \$60,000 is budgeted for GMIA to study and begin the planning stages for the creation of a new Airline lease agreement to take effect after the current lease expires in 2020. The purpose of the study and planning is to develop a lease structure that better aligns GMIA with current industry trends. GMIA seeks to attract additional international air service by developing a state-of-the-art international concourse, to introduce an industry-leading concession program, and to expand Timmerman's role as Milwaukee County's leading General Aviation (GA) airport facility. The Airport moved United Airlines and Air Canada from Concourse E to Concourse C in 2017 as part of the major re-development to transform Concourse E into an international concourse; construction is scheduled to commence in 2018. The overall budget reduction from 2017 to 2018 reflects the Airport's on-going cost-reduction efforts.

Revenue enhancements:

The new parking operator is currently introducing new marketing initiatives including an online reservation system and a parking rewards program projected to increase parking revenue in 2018. In addition, parking revenue is expected to increase in 2018 as a result of proceeds from a full year of operation of the valet parking program which is set to begin in fall 2017. It is estimated that the total of these initiatives will result in net additional parking revenue to the Airport of \$2,000,000 over 2016.

Continuation of 2017 revenue enhancement initiatives include the off airport parking privilege fees change to 6% of gross sales, TNC pick-up fees of \$3 per trip, increase of taxi per trip pick-up fees to \$3 and CFC collection of .50 per day fee for the purpose of parking structure repairs and maintenance. Using first quarter 2017 data it is estimated that these initiatives will contribute the following revenue in 2018:

- Off Airport parking fees: \$450,000 from \$147,000 in 2016 which was calculated per space.
- TNC pick-up fees: \$420,000 new: pilot 2016, first full year 2017.
- CFC collection fees: \$360,000 new: reserve addition for parking garage operations and maintenance.
- Taxi pick-up fee change: \$120,000 from change \$1 to \$3 per pick-up.

The MKE Fuel rental fee agreement will generate revenue in 2018 in the amount of \$64,456. In early 2017 a LLC was formed to own and operate the airline fueling system. By agreement, MKE Fuel Company LLC will pay rent to operate on the Airport.

The Clear Channel in terminal display advertising program has a contract minimum annual guarantee of \$350,000 with projected gross revenues of \$500,000.

Passenger Facility Charge (PFC) Amendment Authorization:

In 2018, the Airport is anticipating the approval of PFC Amendments by the Federal Aviation Administration (FAA) for applications 14-17 submitted in mid-2017 allowing for PFC collections levels at the current rate of \$4.50 until 2028. A new application, PFC18, will be submitted in early 2018 with approval expected in late 2018. PFC18 when approved authorizes use of PFC funds for local spending on past, current, and future projects, and also provides the authorization to use PFC funds for the 2018 Bond debt service.

Expense Management Initiatives:

In April 2018, the performance-based parking operator, Interflight, will be in its second year of operation. Expected cost savings of \$728,000 less than the 2016 actual expenses are planned in 2018.

Expense management controls initiated by the Airport will continue in 2018 with review of all account lines.

DOT — AIRPORT (5040) BUDGET

Department: **Department of Transportation — Airport**

UNIT NO. **5040**

FUND: **Enterprise — 0076**

The Airport continues to coordinate with the Milwaukee County Fleet Management Division for the purchase of Airport-specific vehicles and/or equipment. The Airport continues to coordinate with the Milwaukee County Highways Division for street and curb repairs. These partnerships have proven effective in managing costs.

Budgeted cross-charges from other Milwaukee County departments for services provided to the Airport increased 2.3% from 2017 (\$10,914,919) to 2018 (\$11,160,977). The Sheriff provides security services in accordance with a Memorandum of Understanding (MOU) proposed between the Sheriff's Office and the Airport in order to maximize efficiency.

Strategic Program Area 2: MKE Regional Business Park

Service Provision: Committed

Strategic Outcome: Economic Opportunity

What We Do: Activity				
Activity	2015 Actual	2016 Actual	2017 Target	2018 Target
Leased Buildings	23	23	25	26
Occupied Buildings	44	45	47	48
Vacant Buildings	17	16	14	11*
Vacancy Percentage	27.9%	26.2%	23.0%	18.6%

*For the 2018 Target the Vacant building change includes two demolitions scheduled to occur in 2017. MKE Regional Business Park buildings contain 358,740 square feet of which 103,610 square feet are vacant.

How We Do It: Program Budget Summary					
Category	2015 Actual	2016 Actual	2017 Budget	2018 Budget	2018/2017 Var
Expenditures	\$1,064,828	\$806,855	\$1,234,911	\$1,404,579	\$169,668
Revenues	\$901,922	\$888,041	\$1,035,000	\$1,035,000	\$0
Tax Levy*	\$162,906	(\$81,186)	\$199,911	\$369,579	\$169,668
FTE Positions	0.96	0.95	0.96	0.95	(0.01)

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How Well We Do It: Performance Measures				
Performance Measure	2015 Actual	2016 Actual	2017 Target	2018 Target
Occupancy Rate	72.1%	73.8%	77.0%	81.4%

Strategic Overview: The MKE Regional Business Park is the former 440th Air Reserve Base; consists of 61 buildings on 102 acres. The property is located in the City of Milwaukee adjacent to the GMIA, at the intersection of South Howell Avenue and East College Avenue. The MKE Regional Business Park Service Area is responsible for the rental and maintenance of existing facilities for aviation, Airport use and related business services.

Strategic Implementation: In 2018, the estimated airline subsidy for this service area is \$369,612. The airlines subsidize all operations of the Airport per the Airline Use and Lease Agreement (AULA). The expected increase in operating costs includes a partial year calculation for depreciation of \$35,000 on the electrical infrastructure upgrade. Efficient and stable electric service should aid in increasing occupancy rates. This strategic initiative is expected to increase rental revenue throughout the next several years. In 2018, rental revenue will remain at the 2017 budgeted level of \$1,035,000.

Strategic Program Area 3: LJ Timmerman General Aviation

Service Provision: **Committed**

Strategic Outcome: **Economic Opportunity**

What We Do: Activity				
Activity	2015 Actual	2016 Actual	2017 Target	2018 Target
Number of Based Aircraft	69	74	89	96

How We Do It: Program Budget Summary					
Category	2015 Actual	2016 Actual	2017 Budget	2018 Budget	2018/2017 Var
Expenditures	\$357,007	\$572,630	\$469,774	\$592,960	\$123,186
Revenues	\$252,846	\$252,329	\$241,319	\$244,612	\$3,293
Tax Levy*	\$104,161	\$320,301	\$228,455	\$348,348	\$119,893
FTE Positions	2.64	2.77	2.69	2.48	(0.21)

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How Well We Do It: Performance Measures				
Performance Measure	2015 Actual	2016 Actual	2017 Target	2018 Target
Aircraft Takeoffs/Landings	26,751	24,875	26,000	27,000

Strategic Overview: Timmerman is located on the northwest side of Milwaukee and is the General Aviation (GA) reliever airport in Milwaukee County's airport system. Airline lease agreements govern revenues and expenditures associated with the operation of LJT.

Strategic Implementation: While the 2017 business plan has yet to be completed, an effort to transform Timmerman as the County's and region's principal GA airport is underway. This commitment to invest in the future of LJT and its operations (instead of reducing expenses and keeping revenues flat) will decrease future operating and repair cost escalations. The goal is to attract additional aircraft to Timmerman which will increase revenue and further relieve GA traffic at GMIA. The 2018 budget will result in a subsidy of \$348,348 from airlines serving GMIA.

One additional full-time employee (FTE) is created in Properties (Program Area 1) as an Administrator/Specialist. The duties of the position will include the implementation and administration of lease agreements, contract and operating permits, act as the liaison to the local community, and supervision of two airport maintenance workers located at Timmerman.

DOT — AIRPORT (5040) BUDGETDepartment: **Department of Transportation — Airport**UNIT NO. **5040**FUND: **Enterprise — 0076**

DOT-Airport Budgeted Positions				
Position Title	2017 Budget	2018 Budget	Variance	Explanation
Accountant 2	2.00	2.00	0.00	
Accountant 3	3.00	3.00	0.00	
Accountant 4-NR	2.00	2.00	0.00	
Accting Manager Airport	1.00	1.00	0.00	
Airport Business Mgr	1.00	1.00	0.00	
Airport Cont Ctr Op	9.00	9.00	0.00	
Airport Emerg Mgmt Coord	1.00	1.00	0.00	
Airport Maint Manager	1.00	1.00	0.00	
Airport Marketing & PR Coord	1.00	1.00	0.00	
Airport Mktg & Pub Rel Mgr	1.00	1.00	0.00	
Airport Mtce Asst Supt	2.00	2.00	0.00	
Airport Mtce Wkr	61.00	0.00	(61.00)	Current Year Action
Airport Mtce Wkr Asst	37.00	0.00	(37.00)	Current Year Action
Airport Mtce Wkr Asst IC	3.00	3.00	0.00	
Airport Mtce Wkr IC	5.00	0.00	(5.00)	Current Year Action
Airport Oper Coord	6.00	6.00	0.00	
Airport Oper Coord 2	11.00	11.00	0.00	
Airport Operations Manager	1.00	0.00	(1.00)	Current Year Action
Airport Oper Mgr Landside	1.00	0.00	(1.00)	Current Year Action
Airport Planner	1.00	0.00	(1.00)	Current year Action
Airport Properties Mgr	1.00	0.00	(1.00)	Current Year Action
Airport Properties Mgr NR	1.00	1.00	0.00	
Airport Pub Saf & Sec Coord 2	2.00	4.00	2.00	Create
Airport Pub Saf & Secur Manage	1.00	1.00	0.00	
Airport Security Operator	2.00	2.00	0.00	
AirportMtceWkrAsstNM	0.00	37.00	37.00	Current Year Action
AirportMtceWkrICNM	0.00	5.00	5.00	Current Year Action
AirportMtceWkrNM	0.00	61.00	61.00	Current Year Action
AirportPropertiesManager	0.00	1.00	1.00	Current Year Action
AssistantAdministrative-	0.00	2.00	2.00	Current Year Action
AssistantExecutive-	0.00	1.00	1.00	Current Year Action
AssistantParts	0.00	1.00	1.00	Current Year Action
Asst Airport Oper Mgr Landside	1.00	1.00	0.00	
Asst Airport Pub Safe/Sec Mgr	1.00	1.00	0.00	
Asst Airpt Maint Supv	6.00	6.00	0.00	

DOT — AIRPORT (5040) BUDGET

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UNIT NO. **5040**

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Asst Airpt Oper Mgr	2.00	2.00	0.00	
Asst Chief of Air Res & Firefg	6.50	6.70	0.20	Current Year Action
Asst Facilities Supv	3.00	3.00	0.00	
Auto And Eq Parts Tech	1.00	0.00	(1.00)	Current Year Action
Auto And Eq Serv Supv DOT	1.00	0.00	(1.00)	Current Year Action
Auto And Eq Serv Tech DOT	9.00	0.00	(9.00)	Current Year Action
Auto And Eq Svs Tech I-C DOT	1.00	0.00	(1.00)	Current Year Action
Carpenter	0.00	2.00	2.00	Create
Chief of Airpt Res & Fire Figh	1.00	1.00	0.00	
Clerical Asst 1	1.00	0.00	(1.00)	Current Year Action
Clerical Asst 1 Nr	1.00	1.00	0.00	
ClericalAsst1NM	0.00	1.00	1.00	Current Year Action
Contract Payment Spec	1.00	0.00	(1.00)	Current Year Action
Deputy Director Bus Comm Dev	1.00	1.00	0.00	
Director Finance and Admin	1.00	1.00	0.00	
Director Maintenance Operation	1.00	1.00	0.00	
Director Marketing Commun-	1.00	1.00	0.00	
Electrical Mech	1.00	1.00	0.00	
Electrical Mech Dot	8.00	6.00	(2.00)	Current Year Action
Electrical Mech Supv	2.00	2.00	0.00	
Electronic Mechanic	1.00	1.00	0.00	
Exec Dir Airport	1.00	1.00	0.00	
Executive Assistant Airport-	1.00	0.00	(1.00)	Current Year Action
Facilities Supv	1.00	1.00	0.00	
Firefighter Equip Oper	25.90	25.90	0.00	
Fiscal Asst 2	1.00	0.00	(1.00)	Current Year Action
FiscalAsst2NM	0.00	1.00	1.00	Current Year Action
GIS Specialist-	1.00	1.00	0.00	
Heating And Vent Mech 1	8.00	8.00	0.00	
Heating And Vent Mech 2	2.00	2.00	0.00	
HighVoltageElectrician	0.00	2.00	2.00	Current Year Action
Lead Mechanic-	0.00	1.00	1.00	Current Year Action
Maintenance Supv Airport	1.00	1.00	0.00	
Manager Environmental-	1.00	1.00	0.00	
Manager GIS-	1.00	1.00	0.00	
Manager IT U	1.00	1.00	0.00	
ManagerAirportOperations	0.00	1.00	1.00	Current Year Action
ManagerParkingProgram	0.00	1.00	1.00	Current Year Action
Mechanic-	0.00	9.00	9.00	Current Year Action

DOT — AIRPORT (5040) BUDGET

Department: **Department of Transportation — Airport**

UNIT NO. **5040**

FUND: **Enterprise — 0076**

Mgmt Asst - TPW	1.00	1.00	0.00	
Network Tech Spec 2	1.00	0.00	(1.00)	Current Year Action
Network Tech Spec IV Airport	3.00	4.00	1.00	Current Year Action
Noise Program Manager	1.00	1.00	0.00	
Operating and Mtce Supv	1.00	1.00	0.00	
Plumber	2.00	2.00	0.00	
-RC-Admin Asst DOT	0.00	1.00	(1.00)	Current Year Action
-RC-Admin Asst DOT 2	0.00	1.00	(1.00)	Current Year Action
Secretarial Asst-	1.00	0.00	(1.00)	Current Year Action
Secretarial Asst Nr	1.00	0.00	(1.00)	Current Year Action
Secretary Nr	1.00	0.00	(1.00)	Current Year Action
Senior Exec Asst DPW NR	1.00	0.00	(1.00)	Current Year Action
SpecialistAirportProperties	0.00	2.00	2.00	1 Current Year Action; 1 Create
Steamfitter Temp Contrl	2.00	2.00	0.00	
Stores Clerk 1	1.00	1.00	0.00	
Supervisor Fleet-	0.00	1.00	1.00	Current Year Action
SupervisorAirportPlanner	0.00	1.00	1.00	Current Year Action
Airport Ground Wrkr Sea	1.40	1.40	0.00	
Airport Intern	3.40	3.40	0.00	
Airport Worker - Seasonal	0.30	0.30	0.00	
Student Intern	0.60	0.60	0.00	
Full Time Total	269.40	274.60	5.20	
Part Time Total	5.70	5.70	0.00	
Grand Total	275.10	280.30	5.20	